

June 12, 2014

Ms. Nancy Nuttbrock, LQD Administrator
Wyoming Department of Environmental Quality
122 West 25th St.
3rd Floor West
Herschler Building
Cheyenne, WY 82002

SUBJECT: PERMANENT MODIFICATION OF PROVISIONS IN CONFIRMATORY ORDER,
DOCKET NO. 40-4492- AMERICAN NUCLEAR CORPORATION GAS HILLS SITE

Dear Ms. Nuttbrock:

On May 9, 1994, the American Nuclear Corporation (ANC) announced that it intended to discontinue operations at its Gas Hills Site and go out of business. The company forfeited its \$3.2 million reclamation bond to Wyoming Department of Environmental Quality (WDEQ) during October 1994, and WDEQ subsequently undertook reclamation activities at the site using these funds. The site encompasses about 550 acres of land, and consists of two former tailings impoundments.

In 1996, the WDEQ accepted and agreed to the terms of Confirmatory Order (Order) issued by the U.S. Nuclear Regulatory Commission (NRC) for the reclamation of the ANC Gas Hills site. The Order was signed by the NRC and WDEQ in October 1996 (Agencywide Document Access Management System (ADAMS) Accession No. ML071520354). In response to a request by WDEQ, the Order was subsequently modified by letter dated August 11, 2009 (ADAMS Accession No. ML091330303). By letter dated May 29, 2012, the NRC proposed additional modifications to the Order that would result in the temporary suspension of the majority of the Parts until financial issues affecting WDEQ's remediation could be resolved (ADAMS Accession No. ML120670346). WDEQ agreed to these additional modifications by letter dated July 30, 2012 (ADAMS Accession No. ML14122A199).

Since the Order was last modified, WDEQ and the NRC have maintained a dialog on the financial and technical issues related to the reclamation of the ANC Gas Hills site. As a result of these on-going discussions, the NRC and WDEQ have agreed to suspend parts of the Order. NRC and WDEQ recognize that, contrary to WDEQ's initial projections, there are insufficient funds remaining to finish reclamation of the site. The Order requirements currently in effect include implementation of the groundwater corrective action program, sampling of wells and springs, measuring settlement monuments on Pond #1, and providing an annual report to NRC. NRC and WDEQ agree that Pond #1 has reached 90 percent settlement and that the groundwater corrective action program should be discontinued. NRC and WDEQ have decided that the best use of the remaining reclamation funds would be the installation of new monitoring wells and surface water sampling stations to determine the extent of the groundwater plume flowing off-site and, if feasible, to purchase land to extend the site boundary beyond the plume.

The specific parts of the Order to be suspended are Parts I, II, and III, and Paragraphs 1 – 10, 12, and 14 – 16 of Part IV. Elimination of Paragraph 16 of Part IV means that WDEQ will not have to pay for the long-term surveillance and control fund when the site is transferred to the U.S. Department of Energy. Part IV, paragraph 11, will be modified to read as follows:

Using the funds remaining from the forfeited reclamation bond, install new wells and surface water sampling stations at locations agreed upon by WDEQ and NRC. WDEQ shall sample all existing wells and surface water stations, plus any new wells and surface water stations, on an annual frequency for the analytes found in the WDEQ Annual Report for CY 2013 for the ANC Gas Hills Reclamation Project submitted to the NRC by letter dated February 13, 2014 (ADAMS Accession No. ML14071A343), namely: MAJOR IONS--Carbonate as CO₃, Bicarbonate as HCO₃, Calcium, Chloride, Fluoride, Magnesium, Nitrogen, Ammonia as N, Nitrogen, Nitrate+Nitrite as N, Potassium, Silica, Sodium, Sulfate; PHYSICAL PROPERTIES--Conductivity @ 25 C, pH, Total Dissolved Solids, TDS @ 180 C; METALS – DISSOLVED—Aluminum, Arsenic, Barium, Boron, Cadmium, Chromium, Copper, Iron, Lead, Manganese, Mercury, Molybdenum, Nickel, Selenium, Uranium, Vanadium, Zinc; METALS – TOTAL—Iron, and Manganese. The corrective action program will be discontinued.

In order to effectuate these modifications to the Order, WDEQ should review and document its acceptance of these changes to the Order in writing within 60 days. If WDEQ is not in agreement with the proposed changes, please contact the NRC immediately.

If you have any questions, please contact Tom McLaughlin, the Project Manager for the site, at Thomas.McLaughlin@nrc.gov or (301) 415-5869.

In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedures," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of ADAMS. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

/RA/

Larry Camper, Director
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

Docket No: 04004492

cc: Tanya King, WDEQ

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